

**SOUTH BEND REDEVELOPMENT COMMISSION
SPECIAL MEETING**

June 19, 2007

10:00 a.m.

Presiding: Marcia I. Jones, President

227 West Jefferson Boulevard
South Bend, Indiana

1. ROLL CALL

Members Present:

Ms. Marcia Jones, President
Mr. Greg Downes, Secretary
Mr. Hardie Blake, Jr.
Mr. Ken Peczkowski

Members Absent:

Mr. Karl King, Vice President

Legal Counsel:

Mr. Charles S. Leone, Esq.

Redevelopment Staff:

Mr. Don Inks, Director
Mrs. Cheryl Phipps, Recording Secretary
Mr. Bill Schalliol, Economic Development Specialist
Mr. Andrew Laurent, Economic Development Specialist
Ms. Jennifer Laurent, Economic Development Specialist
Mr. Nicholas Witwer, Economic Development Specialist

Others Present:

Mayor Stephen Luecke
Mr. Jeff Gibney, Executive Director
Mr. Tom Price, Mayor's Office
Ms. Ann Puzzello, Common Council
Mr. George Adler, Community Development
Mr. Jeff Vitton, Community Development
Mr. David Fecteau, Community Development
Ms. Rita Kopala
Mr. Jim Cronk
Ms. Linda Wolfson, Community Forum for Econ Dev
Mr. Marty Wolfson, Community Forum for Econ Dev
Mr. Jerry Niezgodski, Community Forum for Econ Dev
Mr. Greg Hakanen, University of Notre Dame
Mr. Phil Byrd, South Bend Heritage Foundation
Mr. Rich Hill, Baker & Daniels
Mr. Jack Roberts, Northeast Neighborhood Revitalization Org
Mr. David Compton
Ms. Ashley Otteson
Ms. Allison Sell, Baker & Daniels
Ms. Jo Radecki
Rev. Henry Davis Sr.
Mr. Sam King, WSBT

2. NEW BUSINESS

A. Airport Economic Development Area

- (1) **Commission approval requested for Resolution No. 2348 designating and declaring certain areas as economic development areas to amend the boundaries of the Airport Economic Development Area by adding the LaSalle Square and Marycrest/Hurwich areas to the Airport Economic Development Area, by designating the expansion areas as part of the Airport Economic Development Area Allocation Area No. 1 and by consolidating the Sample-Ewing Development Area into the Airport Economic Development Area and to amend the Development Plan for the Airport Economic Development Area.**

Mr. Inks noted that Council Member Charlotte Pfeifer sent the following letter to the Commission related to this agenda.

June 19, 2007

Re: Expansion of the Airport TIF District to Include LaSalle Square

Dear Honorable Commission Members:

Since I am unable to attend today's special Redevelopment Commission meeting, I am having this letter hand delivered.

You will recall that I sent to each of you a letter dated March 13, 2007 which followed a Saturday Informal Meeting of the South Bend Common Council and the City Administration. Information was reviewed at that meeting which focused on having LaSalle Square added to the Airport TIF

2. NEW BUSINESS

A. Airport Economic Development Area

(1) continued...

District. I had earlier submitted to the Commission a two page plan, which continues to have the full support of the Common Council, as well as the surrounding neighborhood.

Adding the LaSalle Square to the Airport TIF District will provide a unique opportunity for new development in a critical area of our city. Your support and action on this matter will be a very positive economic step as we move forward together. Revitalizing this area and providing key incentives for much needed development, I believe will be most welcomed by the residents of the 2nd Councilmanic District. I urge each of you to vote in favor of adding the LaSalle Square, and am very excited to work with you in the months ahead on this project.

Sincerely,

*Council Member Charlotte D. Pfeifer
2nd District Council Member*

Mr. Witwer noted that Resolution No. 2358 expands the boundaries of the Airport Economic Development Area to include the LaSalle Square area, the Marycrest/Hurwich area, and to consolidate the Sample-Ewing Development Area into the Airport Economic Development Area and amend the Airport Economic Development Area Development Plan accordingly.

2. NEW BUSINESS

A. Airport Economic Development Area

(1) continued...

The LaSalle Square area consists of the LaSalle Square shopping plaza as well as surrounding commercial and industrial uses, including Honeywell, the commercially zoned properties on the east side of Bendix Drive and the industrial properties on the north side of Linden Avenue (south of the railroad tracks). The Findings of Fact for this area are consistent with the original Findings of Fact for the Airport Economic Development Area. These findings include: (1) encouraging commercial and industrial development, creating more job opportunities, and increasing the local tax base; (2) improve public infrastructure on Bendix Drive to create a more pedestrian friendly and visually appealing surrounding to the LaSalle Square plaza; (3) determine the viability of the proposed improvements from the concept plan which Council Member Pfeifer and the committee members submitted, for revitalization of the LaSalle Square area and implement those projects to achieve redevelopment such as improved public infrastructure, lighting and landscaping; (4) ensure that future development maintains a consistent and high level of quality for design and material for new construction and rehabilitation project, public spaces, landscaping, lighting and signage; (5) assisting creation of developable sites for future development or rehabilitating existing facilities for future development through site assembly and environmental cleanup; (6) make and assist infrastructure improvements which will help maintain existing and create new jobs within the

2. NEW BUSINESS

A. Airport Economic Development Area

(1) continued...

industrial uses of the area.

The expanded AEDA will also include the Marycrest/Hurwich area which is the area bounded by Washington St. on the north, Western Ave. on the south, Olive on the west and Circle and Cherry St. on the east. It includes such properties as Hurwich Iron, the Marycrest Bldg, Goodwill Industries, and the industries on the west side of Olive St. The Findings of Fact for this area are also consistent with those established for the Airport Economic Development area when it was designated, including (1) encouraging commercial and industrial development, creating more job opportunities, and increasing the local tax base; (2) evaluating future possibilities of economic development and redevelopment in current industrial sites and environmental impacts that might exist at these locations by creating an inventory of existing uses and structures along with an environmental evaluation of each; and (3) assisting and creating developable sites for future development or rehabilitating existing facilities for future development through site assembly and environmental cleanup.

Resolution No. 2348 will also consolidate the Sample-Ewing Development Area into the Airport Economic Development Area. The Findings of Fact for the Sample-Ewing Development consolidated area are as follows: (1) providing new and public infrastructure to new development sites and rehabilitate deteriorated infrastructure to usable sites; (2) remediate environmental

2. NEW BUSINESS

A. Airport Economic Development Area

(1) continued...

challenges and assist in soil stabilization efforts to create developable sites; (3) continue demolition of unusable buildings to create developable sites; and 4) overcome conditions impeding development to create more job opportunities; and (5) increase the local tax base.

Staff recommends approval of Resolution No. 2348.

Mr. Peczkowski: I notice on the LaSalle Square area that we are also including Honewell, Bosch, the Mohawk Door companies, what does Bosch contribute as far as property tax payments on buildings that we own?

Mr. Witwer: they pay the full amount.

Mr. Peczkowski: It's like a triple-net lease? They are responsible for the property taxes?

Mr. Witwer: Yes

Mr. Peczkowski: Do they have any of their people here?

Mr. Witwer: Bosch is already in the Airport Economic Development Area. It's Honeywell that will be added.

Mr. Peczkowski: What's the date of Exhibit D? Exhibit D refers to ... it seems to be fourteen years out of date. Everything refers to things that were happening in 1993.

2. NEW BUSINESS

A. Airport Economic Development Area

(1) continued...

Mr. Witwer: That's the Sample-Ewing Development Area Development Plan which is being brought in and integrated into the Airport Economic Development Plan. It will still have some of the same goals and objectives.

Mr. Peczkowski: The strategies on D14 of this thing: development, revitalization, improvement, preservation. If we take that as an acronym, it's DRIP. It's a DRIP strategy. How has that affected this region so far? What I'm seeing is that we are cobbling to a golden goose an area that after fourteen years is in danger of defaulting on its bonds. Is that the case?

Mr. Inks: No. Sample-Ewing has been in the process of rebuilding for the past several years. The Oliver Industrial Park was part of that effort and there was a Section 108 loan obtained to help facilitate the acquisition and demolition of that site. The Studebaker Industrial Park is currently underway, and while a fair amount of that project has been done with federal grants, we have also taken out another Section 108 loan to facilitate the demolition and environmental remediation of the site and put in new infrastructure for creation of a new industrial park. There have been several other buildings over the last 15 years that have been demolished in the Sample-Ewing Development Area, all in preparation for putting in new buildings, creating new tax base and new jobs in the inner city. This is process where it called for

2. NEW BUSINESS

A. Airport Economic Development Area

(1) continued...

a steep up-front investment in the area with a payback over time as those sites became available and new development occurs.

Ms. Jones: The nature of those two areas is dramatically different. To compare them is like comparing apples to oranges. The Airport Economic Development Area is just an economic development area, not a redevelopment area because it didn't require all of that infrastructure investment up front. It was nice green land, ripe for development. Recapturing a redevelopment area always includes a lot of those upfront costs, so you can't really say "this is so successful because it got out of the gate and ran fast and started contributing." That's the nature of an economic development area that doesn't require initial investment. You have to consider the history of those two development areas, too.

Mr. Peczkowski: Well, why are we cobbling these four together? I can see the LaSalle Square, but then the Hurwich and the Sample-Ewing district, it looks like we're throwing good money after bad by putting these four districts together. I can see the two. It's almost like we're here in Washington and we're adding on a little pork to the barrel because we've got a problem with... As I recall, we have a note that's due on the Sample-Ewing project that hasn't been paid yet.

2. NEW BUSINESS

A. Airport Economic Development Area

(1) continued...

Mr. Inks: No. All the debt payments are current. We do have a shortfall in terms of the TIF revenue generated by the Sample-Ewing Development Area to cover all the debt service requirements in that area. But the city is currently funding those shortfalls through the city's capital budget. This year the amount of that was just under \$300,000. It will actually be less than anticipated because we've had some SEDA revenue that we didn't anticipate. In the future it goes down to about \$200,000 in 2008 and around \$100,000 in 2009 and should be about break even in 2010. That's all as the tax abatement on the AJ Wright project phases out and the revenues increase for SEDA and we'll get to a break even point in about 2010.

Mr. Peczkowski: Assuming they're here in 2010.

Mr. Inks: They'll be here in 2010. What's happened is that the investment required to create the sites for new investment and new jobs has put us in a position right now of being about \$300,00 short on the debt service. But that is being covered by other city sources. No debt at this point is in default.

Mr. Peczkowski: But Sample-Ewing itself is not generating any positive TIF income right now.

Mr. Inks: At this point, that's correct.

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A. Airport Economic Development Area

(1) continued...

Mr. Peczkowski: What about the Hurwich/Marycrest area?

Mr. Inks: There may be a portion of that area that may be generating some increment. The north portion of the Hurwich area is currently in the West Washington Development Area. We haven't looked at the individual parcels to determine increment. I think the general consensus is that there's very little, if any, positive increment being generated in that area because it's primarily older industrial buildings that have not been reinvested in during the last few years. The southern portion of the Hurwich area is not currently in any development area, so it's not generating any increment at this point.

Mr. Peczkowski: Would Goodwill, being non-profit, will it ever generate? Can it be a contributor?

Mr. Inks: As a non-profit, if they are not paying property taxes, then, no, it will not generate any increment.

Mr. Peczkowski: Then what is the strategy here? All I'm seeing is that we're taking a good investment and cobbling three "iffy" investments with the hope that the good one will pick up the three bad.

Mr. Inks: I think the emphasis here is, in looking at the success of the development on the north side, outside the inner city area of

2. NEW BUSINESS

A. Airport Economic Development Area

(1) continued...

South Bend where the Airport Economic Development Area is currently at, we've been successful, a lot of the work there is done, there is still some yet to do, there are resources that can be applied to these other areas as well. These are older areas. They're not quite the greenfield sites the Airport Economic Development Area was, but these areas have needs for new investment, for job creation. They are inner city sites where we'd like to see new development occur. To use the resources in the original Airport Economic Development Area to help that new investment and jobs makes a lot of sense in the inner city.

Mr. Peczkowski: If the Hurwich and the Sample area were to survive on their own, what would be the alternatives that you could offer?

Mr. Inks: Well, I think we've got history to look at. The Hurwich site has been in the West Washington Development Area that was created in the late 1980s or early 1990s. There's been plenty of time for new investment to occur there. But the residential area to the east of that is where the focus has been. The increment being generated in the West Washington area is only about \$300,000 per year. It's not enough to go very far in terms of dealing with infrastructure or acquisition and environmental remediation. All those relative costly issues in the Hurwich area could not be funded by the increment funded

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A. Airport Economic Development Area

(1) continued...

by the West Washington Development Area.

Mr. Peczkowski: So you're saying it couldn't survive by itself. It needs help.

Mr. Inks: It'll survive, but it will be at a minimal level. Part of the reason for establishing these areas is that development won't occur "but for" the application of local governmental revenues to stimulate new investment and create jobs. In West Washington that's clearly the case. The investment that would be required there is not economically viable at this point. That's our role is to go in and clean up those sites and put them in a status where the private sector can come in and make their investment, start new businesses and create new jobs.

Mr. Peczkowski: Do we have history that shows...Have we done this in the past where we've taken a successful TIF district, cobbled it together with an unsuccessful one and shown that we've lifted them up by their bootstraps, so to speak?

Mr. Inks: There have been some consolidations of areas. The downtown is actually a compilation of three separate areas, the Central Business District, Monroe Park and East Bank. They were all individual TIF areas. Those were eventually combined into one. I'm not as familiar with the rationale going back that far, but they are clearly all very geographically oriented and are

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A. Airport Economic Development Area

(1) continued...

important to the downtown.

Mr. Peczkowski: Well, they sort of make sense, but this one looks like...we've got these dog leashes connecting what seems like very disparate areas.

Mr. Inks: It really shows how the industrial development has occurred in the city. That's what we're looking at here is industrial development in the Sample-Ewing Development Area, Hurwich/Marycrest, the LaSalle Square area, and the newer Airport Economic Development Area, tying not so much the geography as the uses. Uses are the common thread.

Mr. Blake: The only other option that we have is to do nothing, right?

If we don't do anything, what's going to happen?

Mr. Peczkowski: Well, we have the options that they had in the previous...you put it in a land bank until there is money available to do it, rather than throw good money after bad.

Mr. Blake: What we're saying though is we're helping that development.

Mr. Downes: In effect, that's doing nothing.

Mr. Blake: That's what we've got to do. We've got to help it.

2. NEW BUSINESS

A. Airport Economic Development Area

(1) continued...

Mr. Witwer noted that Resolution No. 2348 as it was distributed did not contain the new legal descriptions prepared for this purpose. Those are now available. Resolution No. 2348 needs to be amended to include the new legal descriptions. He also asked the Commission to authorize advertising for public hearing on the confirming resolution on July 6.

Ms. Jones acknowledged the large number of people in attendance, some of whom were there to support this resolution. Although the public hearing on the expansion of the Airport Economic Development Area won't be until July 6, after approval by the Area Plan Commission and the Common Council, she offered an opportunity for anyone to speak at this time regarding Resolution No. 2348.

Ms. Wolfson: I have been working with the Community Forum for Economic Development and participated with Charlotte Pfeifer and other members of neighborhood organizations in LaSalle Square in writing up a short plan that was really a concept or proposal of what that area could look like. At that point we were concerned about that area of town because it had been severely impacted by previous development decisions, particularly development in the Portage/Cleveland area. The further deterioration of that neighborhood was very unfortunate. Despite an attempt by Faith Apostolic Church to do a lot of

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A. Airport Economic Development Area

(1) continued...

improvements to the property, there are real needs there.

Some of the other areas of the West Side said, “Why are you all so concerned about LaSalle Square? What about us?” We said, “This is an important first step.” It doesn’t mean that there aren’t other parts of the city that are very valuable and need that kind of revitalization. Whatever resources we have we should use them throughout the West Side. I know there are members of other West Side neighborhood organizations here that may want to add to that. We’re very pleased that when the plan is finally coming into development it will look at the West Side in general and see how some of the resources that currently are available from past economic development decisions could be applied to an area of deep concern to the city as a whole, not just to people who live there.

Mr. Niezgodski: A member of Lincolnway West Gateway Association and also a member of Community Forum for Economic Development. As has been stated, we have worked together with stakeholders there in LaSalle Square. We neighbors who have lived in that area for a long time have witnessed the exodus from that area. We have been begging and pleading for some kind of redirection, refocus on the area. We want to thank you for considering this and getting this started. Most of all we do believe that this area, especially the LaSalle

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A. Airport Economic Development Area

(1) continued...

Square area, is a hidden gem in the city. There are a lot of resources in the area. You have Honeywell and Bosch right there by the industrial park. We see this as a win-win, not only for the neighborhood, but for the city in general. Our association's name is the Lincolnway West Gateway Association. This is just south of the main thoroughfare of Lincolnway West, the gateway to our city. We believe anything that can be done in that area to improve it and reverse the trend that has occurred for the last ten or fifteen years will be a positive step. One thing that I've mentioned before in other meetings is that there are a lot of international people who come to Honeywell and Bosch. We don't realize how many people from around the world come there on business. It's time we realize that and reinvest in that area and make it appealing not only to them but to the neighborhood residents. This has a lot of potential and we're going to thank you for your consideration at this time.

Mayor Luecke: I speak in full support of the expansion of the Airport Economic Development Area. I think it is a creative way to bring needed resources to inner city areas that have been under invested in, disinvested in, over the past several decades. I echo what Don said that the common thread here is the usage of those properties; it's not the geographic common thread you saw in connecting the core downtown with the East Bank and Monroe Park, but rather the usage and the opportunity that exists there.

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A. Airport Economic Development Area

(1) continued...

I would disagree with the characterization that we're throwing good money after bad. I think money that's been invested in the Sample-Ewing Development Area has been good money, but it was a project that required more resources than we were able to generate out of that initial investment area. That was for a couple of reasons: (1) the initial tax payer in that area saw a significant reduction in assessed value when that property was sold through bankruptcy proceedings and used that value to decrease the assessed value so that the TIF generated by the Sample-Ewing Development Area was significantly lower than it had been a couple of years ago; (2) to take on the clearance of some of these dinosaur Studebaker buildings, which we think is essential, was a big task to take on. It's a chicken-and-egg issue. To get the new investment, we need to spend a lot of dollars up front. We've done that creatively through grants that we receive, through Section 108 money as well, but I believe that bringing some additional resources from the Airport area will help to stabilize and complete that investment and that we will, then, see follow-up investment by the private sector which will generate additional TIF in that area.

I also would reflect on the fact that one of the expansions of the Airport area to include Bosch, you could say Bosch didn't expand, but our improvements there allowed us to keep hundreds of good paying jobs in this community that were likely to go to

2. NEW BUSINESS

A. Airport Economic Development Area

(1) continued...

Michigan. I think the use of resources generated in the Airport area to support additional growth and development, particularly in older, industrial areas, is very appropriate.

I'd also say that as we look at the Marycrest area, it was referenced that Goodwill is a non-profit. That's true, but there's other property within that area that could bring private investment that would then generate TIF growth. I support the expansion and look forward to positive investment to bring new jobs and new investment.

Mr. Downes made a motion that Resolution No. 2348 be approved designating and declaring certain areas as economic development areas to amend the boundaries of the Airport Economic Development Area by adding the LaSalle Square and Marycrest/Hurwich areas to the Airport Economic Development Area, by designating the expansion areas as part of the Airport Economic Development Area Allocation Area No. 1 and by consolidating the Sample-Ewing Development Area into the Airport Economic Development Area and to amend the Development Plan for the Airport Economic Development Area, including the final legal descriptions as provided, and set the public hearing on Resolution No. 2351 for 10:00 a.m., July 6, 2007. Mr. Blake seconded the motion. There were three votes in favor of the motion. Mr. Peczkowski did not vote. The motion passed.

COMMISSION APPROVED RESOLUTION No. 2348 DESIGNATING AND DECLARING CERTAIN AREAS AS ECONOMIC DEVELOPMENT AREAS TO AMEND THE BOUNDARIES OF THE AIRPORT ECONOMIC DEVELOPMENT AREA BY ADDING THE LASALLE SQUARE AND MARYCREST/HURWICH AREAS TO THE AIRPORT ECONOMIC DEVELOPMENT AREA, BY DESIGNATING THE EXPANSION AREAS AS PART OF THE AIRPORT ECONOMIC DEVELOPMENT AREA ALLOCATION AREA No. 1 AND BY CONSOLIDATING THE SAMPLE-EWING DEVELOPMENT AREA INTO THE AIRPORT ECONOMIC DEVELOPMENT AREA AND TO AMEND THE DEVELOPMENT PLAN FOR THE AIRPORT ECONOMIC DEVELOPMENT AREA, INCLUDING THE FINAL LEGAL DESCRIPTIONS AS PROVIDED, AND SETTING A PUBLIC HEARING ON RESOLUTION No. 2351 FOR 10:00 A.M., JULY 6, 2007.

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

- (1) Commission approval requested for Resolution No. 2344 establishing a housing program and designating and declaring a housing allocation area in the Northeast Neighborhood Development Area and amending the Northeast Neighborhood Development Area Development Plan.**

Mr. Schalliol made a presentation on the Housing Program and Housing Allocation Area. Mr. Schalliol noted that the Northeast Neighborhood Development Area is a 620 acre redevelopment area, designated in 2003 and contains one allocation area.

Redevelopment areas are designated to eliminate blighting factors and create new growth opportunities. The designation of tax increment finance allocation areas is allowed in a redevelopment area. Recent legislation in I.C. 36-7-14-46 allows for the designation of a residential allocation area which allows for the collection of new and improved single and low density residential increment, in addition to commercial and industrial increment, and some forms of multifamily increment.

It is our desire to carve out a portion of the NNDA TIF are to be a housing allocation area, thereby dividing the NNDA into two separate TIF areas, Allocation Area #1 and #2. Within Allocation Area #2, there would be four planning areas.

The law stipulates that a Housing Program Plan be created and adopted detailing goals and objectives of the proposed area and must

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

illustrate statutory compliance.

The goals for the residential TIF area are:
eliminate blighting, deteriorated and
deteriorating areas; eliminate blighting,
deteriorated and deteriorating influences;
maximize new and existing opportunities for
the development of affordable housing;
benefit the public health and welfare by
protecting the economic value of surrounding
properties; overcome existing barriers to
development by creating opportunities to
fund the construction of basic public
improvements; create new job opportunities
for the project area; encourage and stimulate
economic development in the project area;
phase out incompatible structures and land
uses; redevelopment of parcels to be in
accordance with the Northeast Neighborhood
Development Area Development Plan
Encourage residential, commercial, and retail
redevelopment; support and stimulate further
growth of residential, commercial, retail uses
consistent with the Development Plan
Amendment; all other goals and objectives
previously noted in the Development Plan for
the Northeast Neighborhood Development
Area.

Mr. Schalliol reviewed the statutory
requirements for a housing program and the
ways in which the Northeast Neighborhood
Development Area and Allocation Area #2
comply with the regulations:

Requirement 1: Not more than twenty-five

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

(25) acres of the area included in the Allocation Area has been annexed during the preceding five (5) years. *Compliance: A total of ±11 acres of the total 58 acre area in Allocation Area #2 has been annexed into the City of South Bend in the past five (5) years.*

Requirement 2: No area within the allocation area has been annexed within the preceding five (5) years over a remonstrance of a majority of the owners of land within the annexed area. *Compliance: No area in Allocation Area #2 has been annexed within the preceding five (5) years over a remonstrance of a majority of the owners of land within the annexed area.*

Requirement 3: The program cannot be accomplished by regulatory processes or by the ordinary operation of private enterprise because of:

3(A): the lack of public improvements; *Compliance: While the area in which the Housing Program will be located is served by public roadways and utilities, the general conditions of the infrastructure are not at a general level considered as acceptable within the City of South Bend.*

3(B) the existence of improvements or conditions that lower the value of the land below that of nearby land; *Compliance: There are a variety of blighting factors within and adjacent to this area, in which the Housing Program will be located, that have and are still causing the decline of this redevelopment area.*

Or 3 (C) other similar conditions.
Compliance: In addition to the variety of physically blighting factors in this area, in which the Housing

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

Program will be located, the area is replete with a variety of similar blighting social and economic factors that continue to decline this area.

Requirement 4: The public health and welfare will be benefited by accomplishment of the program. *Compliance: The focused attention of this Housing Program with the expected residential and commercial development will eliminate the blighting influences in this area and serve as a momentum factor in improving adjacent areas.*

Requirement 5: The accomplishment of the program will be of public utility and benefit as measured by:

5(A) the provision of adequate housing for low and moderate income persons; *Compliance: The Triangle Residential Project is proposed to be a multi-economic and diverse housing program area that will create new housing opportunities for low and moderate income persons.*

5(B) an increase in the property tax base; *Compliance: the proposed residential and commercial development will be of substantial increase compared to the existing property tax base. "But for" the increased property tax revenue projected to be generated from both the residential and commercial developments, redevelopment of this area would be an economic impossibility.*

Or 5(C) other similar public benefits. *Compliance: The creation of the Eddy Street Commons commercial area will serve as not only a neighborhood focal point as well as a retail destination location. The residential aspects of this entire project will serve as a tremendous opportunity to improve the housing stock of the City of South*

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

Bend for a variety of income levels.

Requirement 6: At least one-third (1/3) of the parcels in the allocation area established by the program are vacant. - *Compliance: Of the 171 parcels in Allocation Area #2, 81 (47.4%) are presently vacant.*

Requirement 7: At least seventy-five percent (75%) of the allocation area is used for residential purposes or is planned to be used for residential purposes. *Compliance: At least seventy-five percent (75%) of Allocation Area #2 is used for residential purposes or is planned to be used for residential purposes.*

Requirement 8: At least one-third (1/3) of the residential units in the allocation area were constructed before 1941. *Compliance: Of the 75 residential units in Allocation Area #2, 40 (53.3%) were constructed before 1941.*

Requirement 9: At least one-third (1/3) of the parcels in the allocation area have at least one (1) of the following characteristics:
Compliance: Of the 171 parcels in Allocation Area #2, 82 parcels or 48% of the parcels have at least one (1) of the following characteristics:

9(A) The dwelling unit on the parcel is not permanently occupied. *Compliance: 38 parcels have a dwelling unit that is not permanently occupied.*

9(B) The parcel is the subject of a governmental order, issued under a statute or an ordinance, requiring the correction of a housing code violation or unsafe building condition. *Compliance: 63 parcels are the subject*

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

of a governmental order, issued under a statute or an ordinance, requiring the correction of a housing code violation or unsafe building condition.

9(C) Two (2) or more property tax payments on the parcel are delinquent.
Compliance: 7 parcels are two (2) or more property tax payments delinquent.

9(D) The parcel is owned by local, state, or federal government. *Compliance: 9 parcels are owned by local, state, or federal government.*

Requirement 10: The total area within the county or municipality that is included in any allocation area established for a housing program under section 45 of this chapter does not exceed one hundred fifty (150) acres.
Compliance: The total area of Allocation Area #2 is 58 acres.

Mr. Schalliol noted that a public meeting was held on May 30 at the Robinson Learning Center. The Area Plan Commission will consider its resolution to designate the residential TIF area June 19. The Common Council will consider it at its meeting June 25. Then the Redevelopment Commission will hold a public hearing on its confirming resolution on July 20.

Mr. Peczkowski asked what the correlation was between the public meeting on May 30 and today. Did anything come from that meeting that was incorporated into the Housing Program before the Commission today? He also wondered what the turnout

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

was for that meeting. Mr. Schalliol responded that, although the meeting was very well advertised, there were only eighteen people at the public meeting. He believed the reason for the low turnout was that there was no objection to the establishment of a Housing Program. There is some interest in the specifics of the Eddy Street Commons project, but that was not the focus of the public meeting.

Mr. Peczkowski asked if hotels count as residential. Mr. Schalliol responded that they do not.

Mr. Peczkowski asked if allocation area #2 is included in allocation area #1. Mr. Schalliol responded that they are exclusive of each other.

Mr. Inks noted that the Commission received two letters in support of establishing the Housing Program in the Northeast Neighborhood Development Area. The first was from the Northeast Neighborhood Revitalization Organization (NNRO).

June 15, 2007

Dear Commissioners:

This letter is written to advise you of support by the Northeast Neighborhood Revitalization Organization (NNRO) for the NNDA Residential TIF district resolution which I understand will be on your agenda at

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

your next meeting.

The NNRO Board of Directors, in its regular meeting on June 12, 2007, voted unanimously to endorse the NNDA Residential TIF district.

The NNRO is a non-profit corporation created in 2000 with the support of citizens in the northeast neighborhood of South Bend and the financial investment of Memorial Hospital, St. Joseph Regional Medical Center, Madison Center, the University of Notre Dame and the City of South Bend. These organizations have provided more than \$2 million in support of the northeast neighborhood transformation.

Our board is composed of seven citizen residents of the neighborhood and seven persons representing the funding organizations. We work closely with other neighbors and businesses on matters pertinent to the neighborhood.

We urge that you support this TIF district.

*Sincerely,
Jack Roberts
President*

The second letter was from the University of Notre Dame Vice President of Business Operations, James Lyphout:

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

June 18, 2007

*Re: Northeast Neighborhood TIF
Application*

To the Members of the Commission:

I am writing to express the support of the University of Notre Dame for the Tax Increment Financing (TIF) proposal currently before the South Bend Redevelopment Commission. Proceeds of the TIF Are necessary to fund infrastructure improvements essential to the redevelopment of the Northeast Neighborhood (NEN). Redevelopment of the NEN has been years in the making, and has benefited from the participation and support of many groups and individuals. We appreciate the opportunity to share our perspective on the project and the necessity of the proposed TIF district.

History and Context

The TIF Application before the Commission and the development plan that underlies it are the culmination of years of planning and effort by an extraordinarily broad coalition of neighborhood institutions and residents:

- *The NENC: The Northeast Neighborhood Council was formed in 1968 by residents in an attempt to address the many problems that had developed in the Northeast Neighborhood: physical*

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

deterioration of the housing stock and depressed housing values; the volatile mix of student rentals and family homes; the loss of commercial businesses and the influx of bars catering to the student clientele; drugs and crime. Despite decades of dedicated effort, the NENC lacked the resources to effectively address these problems.

- *The NNRO: Five area institutions – the City of South Bend, the University of Notre Dame, Memorial Hospital, St. Joseph Regional Medical Center, and Madison Center – recognized that a significant contribution of resources and effort would be required and in 2000 formed the Northeast Neighborhood Revitalization Organization. To date the NNRO institutions have funded over \$2.4 million in planning activities and have coordinated the planning efforts that have resulted in the current redevelopment plan.*
- *Neighborhood residents: The NNRO has worked closely with the NENC, and both organizations have actively enlisted neighborhood residents to participate in the planning process.*

The efforts of this NNRO/NENC/resident coalition resulted in a revitalization plan that envisioned seven distinct redevelopment zones: two commercial districts and five residential districts (see attached map). This TIF application proposes to fund infrastructure improvements essential to four of these zones: a mixed-use commercial

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

district at Edison Road and Eddy (C-1); two residential districts to the east and south (R-2 and R-3) offering attached housing (e.g., condominiums, rowhomes and townhomes) to the general public; and a residential district in the area now known as the “Triangle” (T-5) with single-family detached homes and duplexes, 30% of which will be offered as affordable housing and the remainder offered to the general market.

The University of Notre Dame has assumed two key roles in this process: assembling the land necessary for zones C-1 and R-3, and engaging a private developer to undertake the risk and effort of the development. The NNRO, with South Bend Heritage Foundation acting as its agent, has assumed similar roles for the Triangle. After a lengthy and competitive process, the University has chosen Kite Realty Group out of Indianapolis, to be its development partner for the three zones, and Kite has proven to be a skilled and collaborative partner. Heritage Foundation is in the process of selecting the developer for R-5, to be determined sometime this summer.

The Northeast Neighborhood and the Commission's Mission

According to its website, the Redevelopment Commission's mission is “...to address conditions associated with blight and the underutilization of land and/or barriers to development...” The study areas of the city,

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

identify problem areas and develop a strategic plan for eliminating blight and bringing about new development within those areas. A primary focus is on the expansion of tax base and the creation of new jobs within South Bend."

The plan for the NEN, financed in part by TIF revenues, appears to be a classic execution of the Commission's mission:

- *Eliminating blight: Even the most casual drive down Eddy Street and through the Triangle reveals that this neighborhood has suffered severe blight in recent decades. The neighborhood is characterized by dilapidated and vacant/boarded-up houses and vacant lots.*
- *Bringing about new development: The area identified above will not recover with small incremental steps. No individual will build a new home in this area in its present condition. No private developer will invest the time and effort or suffer the negative economic impact of urban redevelopment without assistance. Revitalization requires a plan with critical mass to reverse decades of decay and negative perception.*
- *Expansion of the tax base: The project as proposed will bring new acreage onto the tax rolls (e.g., the wooded area at the southeast corner of Edison and Eddy) and restore many other properties – along Eddy and in the Triangle – to tax-*

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

generating status. It is reasonable to assume that with the value created by the project, interest in renovations and new construction in areas outside the TIF will increase dramatically.

- *Creation of new jobs: The project as proposed will generate as much as \$200 million in investment in the neighborhood, bringing with it significant new employment opportunities both in the short term (during the construction phase) and the long term when the commercial businesses are open and operating.*

Necessity of the TIF

This project, like most urban redevelopment efforts, simply will not happen without the assistance of TIF financing:

- *Parking structure. First and foremost is the need for structured parking to support the retail, office, hotel and apartment components of the project. The original conceptual plan for the neighborhood assumed surface parking, but 1) every developer who saw the plan indicated that it was significantly under-parked, and 2) large expanses of surface parking are totally inconsistent with a walkable New Urbanist neighborhood. Structured parking is the obvious solution to these problems, but it can cost anywhere from 10 to 15 times the amount of surface parking. If any of the NEN*

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

enterprises had to absorb the cost of structured parking, they could not succeed in the market and the developer simply would not build them.

- *Other infrastructure improvements. The same can be said for the other infrastructure improvements required by the project: enlarged sewer and water capacity, new and renovated streets and sidewalks, streetlights, etc. The economics of NEN enterprises – including and especially housing in the Triangle – cannot withstand the additional burden of this infrastructure, and therefore will not happen without TIF financing.*

Note that TIF funds are NOT being requested for property acquisition. Notre Dame has already assembled all of the land needed for Phase I, representing nearly 30 properties. The economics of this process are extremely negative: the assembling party (i.e., Notre Dame) acquires the parcels as improved properties (they have structures on them), spends more money to tear them down, and is left with raw land worth a fraction of its cost. The former Logan Center alone cost \$2.6 million to acquire and nearly \$200,000 to demolish. The University has incurred this expense as part of its investment in a revitalized neighborhood at its front door.

Summary Comments

When the big picture is considered, a

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

remarkable event is taking place in the Northeast Neighborhood of South Bend: A coalition of private entities – four area institutions and a real estate developer – is coming together to undertake an urban redevelopment project in a challenged neighborhood. Ordinarily only municipalities with taxing authority undertake urban redevelopment projects because 1) the economics are so negative (see above), and 2) the time and effort involved in land assembly are too great to be of interest to a private entity.

Seven years ago four private institutions – Notre Dame, Memorial Hospital, St. Joseph Regional Medical Center and Madison Center – joined with the City of South Bend in a commitment to address the serious problems confronting the Northeast Neighborhood. These institutions have committed time, effort and resources. Kite Realty Group has now agreed to commit its time, reputation and resources to implement that plan. This group has worked openly and in collaboration with the City and area residents to develop the plan now before the Commission.

The only way that this plan can move forward is with assistance from the TIF. We ask that you acknowledge the breadth and depth of this effort and send the TIF to the South Bend Common Council with a favorable recommendation.

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

Thank you for your consideration.

*Sincerely,
James J. Lyphout
Vice President for Business Operations*

Ms. Puzzello, Common Council representative from the Fourth District where the Northeast Neighborhood is located, spoke in favor of establishing a residential TIF district which will help with the great amount of housing that is being done in that area.

Mr. Roberts, president of NNRO, indicated his support.

Mayor Luecke offered his full support of the residential TIF district, saying it is an important component for financing additional infrastructure we are needing to do in the area, including roads and the parking structure. We've based our model on residential TIF that was done in Indianapolis, the Falls Creek area, which has been very successful. We believe this will be just as successful.

Mr. Gibney noted that this action this morning is the culmination of about five years of really fantastic work by the institutions that are the founding members of the NNRO, the board members of the neighborhood organization, and the City of South Bend. He spoke to Mr. Peczkowski's question about the attendance at the public meeting. One of the things that's so

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued...

important is the neighborhood has been called to meetings over the last four or five years. This project has been in the public eye for a very long time. It will really serve us well as a model as we look at revitalization of other neighborhoods, the industrial corridors, etc. There was an enormous amount of community buy-in support and, sometimes, compromise. There are some changes taking place in the neighborhood. There are some people being relocated from the Triangle to other homes in the neighborhood. It's been a model project and program. He also commended city staff members who have worked tirelessly on it.

Upon a motion by Mr. Downes, seconded by Mr. Blake and unanimously carried, the Commission approved Resolution No. 2344 establishing a housing program and designating and declaring a housing allocation area in the Northeast Neighborhood Development Area and amending the Northeast Neighborhood Development Area Development Plan and setting a public hearing on Resolution No. 2350 for 10:00 a.m., July 6, 2007.

COMMISSION APPROVED RESOLUTION No. 2344
ESTABLISHING A HOUSING PROGRAM AND
DESIGNATING AND DECLARING A HOUSING
ALLOCATION AREA IN THE NORTHEAST
NEIGHBORHOOD DEVELOPMENT AREA AND
AMENDING THE NORTHEAST NEIGHBORHOOD
DEVELOPMENT AREA DEVELOPMENT PLAN AND
SETTING A PUBLIC HEARING ON RESOLUTION
No. 2350 FOR 10:00 A.M., JULY 6, 2007

3. NEXT COMMISSION MEETING

The next meeting of the Redevelopment Commission is scheduled for Friday, June 22, 2007 at 10:00 a.m.

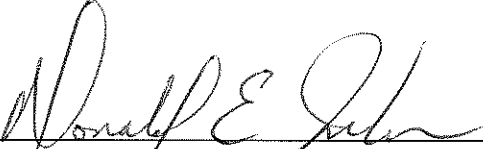
NEXT COMMISSION MEETING

South Bend Redevelopment Commission
Special Meeting –June 19, 2007

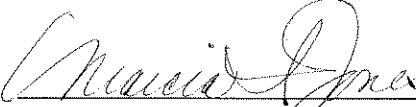
4. ADJOURNMENT

There being no further business to come before the
Redevelopment Commission, Ms. Jones adjourned the
meeting at 10:50 a.m.

ADJOURNMENT



Donald E. Inks, Director



Marcia I. Jones, President